

State Of California

**Public Utilities Commission
San Francisco**

M E M O R A N D U M

Date: April 29, 2002

To: The Commission
(Meeting of May 2, 2002)

From: Bill Julian
Office of Governmental Affairs (OGA) — Sacramento

Subject: **AB 2945 (Wright)** - This bill would authorize reimbursement of service carriers, communication equipment companies, wireless service providers, and local agencies for costs incurred in implementing the enhanced 911 (E911) emergency telephone number system.

The CPUC-OGA requests a formal position by the Commission for the above Assembly Bill. Please find bill summary attached.

AB 2945 (Wright) - Emergency Telephone Surcharges

As Amended April 4, 2002

Recommendation: Oppose

Summary: This bill would authorize reimbursement of service carriers, communication equipment companies, wireless service providers, and local agencies for costs incurred in implementing the enhanced 911 (E911) emergency telephone number system.

Analysis: This bill would establish a cost recovery mechanism to allow wireless service providers and local agencies to fully recover costs associated with implementing the enhanced “911” emergency telephone system mandated by the Federal Communications Commission. The bill authorizes disbursements from the State Emergency Telephone Number account to reimburse service carriers, communication equipment companies, wireless service providers, and local agencies for such costs.

The CPUC does not have authority to regulate wireless rates and would not be able to review wireless E911 implementation costs to test if they were reasonable before wireless carriers were reimbursed. The Board of Equalization and Department of General Services currently handles the E911 surcharges and programs. Moreover, the CPUC finds that the bill is unnecessary since wireless carriers have unlimited flexibility over the rates they can charge to cover the costs of E911 implementation. Thus, wireless carriers do not need a separate cost recovery mechanism in order to meet the FCC’s E911 mandate. Wireless handset manufacturers also have to comply with the FCC’s E911 mandated and no provision is made for their cost recovery. Similarly, California CLECs have had E911 implementation costs and no provision was made for their cost recovery.

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Date: April 26, 2002

Bill Language:

BILL NUMBER: AB 2945 AMENDED

BILL TEXT

AMENDED IN ASSEMBLY APRIL 4, 2002

INTRODUCED BY Assembly Member Wright

FEBRUARY 25, 2002

An act to ~~add Section 41136.1 to~~ *amend*
Section 41136 of the Revenue and Taxation Code, relating to
emergency telephone surcharges.

LEGISLATIVE COUNSEL'S DIGEST

AB 2945, as amended, Wright. Emergency telephone surcharges:
~~wireless carriers~~ *enhanced "911" emergency*
telephone number system.

Existing law establishes the State Emergency Telephone Number Account in the General Fund, pursuant to which funds derived from a surcharge imposed on amounts paid by every person in the state for intrastate telephone communication service may be appropriated by the Legislature for purposes of an emergency telephone system.

This bill would reflect the Legislature's intent to provide a *cost recovery mechanism to allow wireless telephone service carriers providers and local agencies to fully recover costs associated with providing implementing the enhanced "911" emergency telephone service connections for wireless telephones number system mandated by the Federal Communications Commission . In order to achieve that intent, this bill would authorize disbursements from the State Emergency Telephone Number Account to reimburse service carriers, communication equipment companies, wireless service providers, and local agencies for costs incurred in implementing Phase I and Phase II of the enhanced "911" emergency telephone number system.*

Vote: majority. Appropriation: no. Fiscal committee:
~~no~~ yes . State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Section 43116.1 is added to the Revenue and~~

SECTION 1. The Legislature finds and declares all of the following:

(a) "911" emergency telephone services are critical to the health and safety interests of the citizens of California.

(b) It is vital that Public Safety Answering Point (PSAP) attendants responding to "911" emergency telephone calls receive all pertinent information necessary to determine the nature and location of the reported emergency.

(c) An enhanced "911" emergency telephone number system, is a communications system that identifies the name, address, and telephone or pager number of an incoming "911" emergency call and has the capability of routing an incoming "911" emergency call to the appropriate PSAP.

(d) Currently, not all PSAPs in the state have the necessary systems, facilities, or trained personnel to fully implement an enhanced "911" emergency telephone number system.

(e) It is imperative that adequate funding exists to ensure that all PSAPs in this state have the necessary systems, facilities, and trained personnel to implement and comply with the requirements of the enhanced "911" emergency telephone number system.

(f) Wireless service providers and local agencies incur costs to upgrade systems capable of complying with an enhanced "911" emergency telephone number system as mandated by the Federal Communications Commission and will incur continuous costs in ensuring the deployment of emergency assistance under that system.

(g) It is equally vital to have an adequate cost recovery mechanism in place for wireless carriers and local agencies to participate fully and effectively in the deployment of emergency assistance in accordance with an enhanced "911" emergency telephone number system.

SEC. 2. Section 41136 of the Revenue and Taxation Code is amended to read:

41136. Funds in the State Emergency Telephone Number Account shall, when appropriated by the Legislature, be spent solely for the

following purposes:

- (a) To pay refunds authorized by this part.
- (b) To pay the State Board of Equalization for the cost of the administration of this part.
- (c) To pay the Department of General Services for its costs in administration of the "911" emergency telephone number system *and the enhanced "911" emergency telephone number system* .
- (d) To pay bills submitted to the Department of General Services by service suppliers ~~or~~ , communications equipment companies , *or wireless service providers* for the installation of, and ongoing expenses for, the following communications services supplied to local agencies in connection with the "911" emergency phone number system *and Phase I and Phase II of the enhanced "911" emergency telephone number system* :
 - (1) A basic system , *including a wireless system, with the capability of selectively routing incoming phone calls to the appropriate public safety answering point that automatically displays the name, address, and telephone or pager number of the caller* .
 - (2) A basic system with telephone central office identification *that automatically displays the name, address, and telephone or pager number of the caller* .
 - (3) A system employing automatic call routing.
 - (4) Approved incremental costs.
- (e) To pay claims of local agencies for approved incremental costs, not previously compensated for by another governmental agency.
- (f) To pay claims of local agencies for incremental costs and amounts, not previously compensated for by another governmental agency, incurred prior to the effective date of this part, for the installation and ongoing expenses for the following communication services supplied in connection with the "911" emergency phone number system *and Phase I and Phase II of the enhanced "911" emergency telephone or pager number system* :
 - (1) A basic system , *including a wireless system, with the capability of selectively routing incoming phone calls to the appropriate public safety answering point that automatically displays the name, address, and telephone or pager number of the caller* .
 - (2) A basic system with telephone central office identification *that automatically displays the name, address, and telephone or pager number of the caller* .

(3) A system employing automatic call routing.

(4) Approved incremental costs. Incremental costs shall not be allowed unless the costs are concurred in by the Division of Telecommunications of the Department of General Services.

(g) To pay the Division of Telecommunications of the Department of General Services for the costs associated with the pilot program authorized by Article 6.5 (commencing with Section 53125) of Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code.

~~Taxation Code, to read:~~

~~—43116.1. (a) It is the intent of the Legislature to provide for a mechanism, through an expanded surcharge or other means, to allow wireless carriers to fully recover costs associated with the development of both Phase I and Phase II of E-911 emergency services. Phase I costs involve cell towers and equipment and network, and associated network costs. Phase II costs involve those costs associated with location technologies, including the costs of handset chips necessary to make E-911 emergency services location feasible.~~

~~—(b) It is also the intent of the Legislature to:~~

~~—(1) Specify the mechanism for cost recovery to wireless carriers for E-911 emergency services.~~

~~—(2) Ensure that sufficient resources are provided for cost recovery to wireless carriers of E-911 emergency services.~~

~~—(3) Ensure that the funds collected are specifically dedicated for the purpose of cost recovery for wireless carriers of E-911 emergency services.~~

~~—(c) It is the further intent of the Legislature to provide for a cost recovery mechanism that will ensure cost recovery for wireless carriers, but will not include costs to the State Treasury to support reimbursement to wireless carriers.~~